

STATEMENT BY THE HONORABLE DAN  
SCHAEFER  
CHAIRMAN  
SUBCOMMITTEE ON ENERGY AND POWER

HEARING ON DEPARTMENT OF ENERGY'S  
PROPOSED BUDGET FOR FISCAL YEAR 1998

February 11, 1997

This morning, the Subcommittee on Energy and Power reviews the Department of Energy's proposed budget for Fiscal Year 1998. Here to present the Department's budget request is Acting Secretary of Energy Charles Curtis.

This is the first hearing held by the Energy and Power Subcommittee in the 105th Congress. I want to welcome the new Subcommittee members, and compliment them on their choice of panels. We have an ambitious agenda for the Subcommittee, and they are in for a hard ride. I also want to welcome my new ranking member, Rep. Ralph Hall, to the Subcommittee. I miss my friend Frank Pallone, and hope he will soon end his self-imposed exile and rejoin this Subcommittee, but look forward to working closely with the gentleman from Texas on many issues.

Last week, the Department submitted its FY98 budget request, seeking \$16.6 billion for core programs, \$1.6 billion for construction projects funding, and \$1 billion for Environmental Management privatization projects, for a total of \$19.2 billion. This budget request includes a number of important initiatives.

To begin with, let me commend Acting Secretary Curtis for getting his testimony to the Subcommittee in a more timely manner. All too often in the past, the Department submitted its testimony the night before a hearing, depriving the Subcommittee of the opportunity to fully weigh its views. I must congratulate you on doing a better job this time, and encourage you to keep it up.

Further, I want to praise Acting Secretary Curtis for all his excellent work at the Department. Many of the DOE initiatives that will be discussed today -- electricity competition legislation, contract reform, and the national laboratories' mission plan, and others -- were developed under his leadership. It is my hope we will be working together on these and other matters for a long while.

The DOE budget request has a number of initiatives. First, the agency proposes to sharply expand the privatization initiative established last year -- tripling

funding from \$330 million in FY97 to \$1 billion in FY98. Although I support the privatization concept, I am not convinced there is a sufficient track record to justify such a sharp expansion, and believe DOE may be declaring victory far too soon. In that light, I note concerns have been raised about the performance of existing privatization projects.

Second, the budget request seeks full funding of construction projects -- \$1.6 billion for new and existing projects. The Department's record of managing large construction projects is at best checkered -- the Superconducting Super Collider is a case in point. For that reason, I welcome this initiative as a much-needed reform that should reduce the prospect that DOE will invest billions of dollars into projects that are abandoned after partial construction. The construction funding initiative makes it clear the President's decision to cease underground nuclear testing will involve very substantial costs.

Third, I support the proposed boost in renewable energy funding. It will be difficult to secure additional funding for these important programs. I hope DOE is truly committed to fight for this increase, and offer my support.

Fourth, I note the Department did not propose selling any of the stocks in the Strategic Petroleum Reserve -- this

year. However, I am disappointed the President has proposed selling 50 million barrels of SPR oil in 2002 to balance the budget. I remain convinced the Administration proposals to sell off our strategic reserves will undermine U.S. energy security, and will continue my efforts to oppose the sales.

Finally, I must express dissatisfaction with the agency's request for funding the nuclear waste program. The Department requested \$380 million -- the lowest budget request in many years. DOE cut the defense contribution to the program, although that contribution is in arrears by \$2 billion, and proposes to divert more than 70 percent of the funds contributed by consumers to other Federal programs. The Administration threatens to veto legislation that would permit the agency to discharge its legal obligations, yet offers no proposal on how it will comply with the law.

If I can be frank, the Administration has not played a productive role on the nuclear waste issue. In the last Congress, the Administration never proposed legislation, never took a position on the House bill, failed to play a productive role in passage of the Senate bill, and only weighed in at the eleventh hour with a veto threat. I am saddened that this pattern is repeating itself with veto threats being leveled against the Senate bill. The time has come for

the Administration to play a responsible role on this issue.

A final area where I hope we can work together is retail electric competition legislation. I read your opinion-editorial in The Post this morning with interest. I agree with you that “retail choice is a good thing -- if the transition is managed properly.” I also agree with your statement that “for state efforts to be successful, Congress will need to enact legislation.” I encourage the Department and Administration to work closely with Congress as we develop retail competition legislation. We want to get it right, and if we work together we can be successful.

The Subcommittee looks forward to your testimony.